

Condensed Interim Consolidated Financial Statements
(Expressed in Canadian dollars)

GENESIS METALS CORP.

Period Ended June 30, 2017

NOTICE TO SHAREHOLDERS OF

Genesis Metals Corp.

Responsibility for Financial Statements:

The accompanying condensed unaudited interim financial statements for the period ended June 30, 2017 of Genesis Metals Corp. have been prepared by management in accordance with International Financial Reporting Standards (“IFRS”). Statements are presented on the accrual basis of accounting. Therefore, estimates and approximations have been made using careful judgment. Recognizing that the Company is responsible for both the integrity and objectivity of the financial statements, management is satisfied that these financial statements have been fairly presented.

These condensed interim financial statements have not been reviewed by the Company’s auditors.

GENESIS METALS CORP.

Condensed Interim Consolidated Statements of Financial Position as at
(Unaudited – Expressed in Canadian dollars)

	Note	June 30, 2017	March 31, 2017
Assets			
Current assets:			
Cash		\$ 3,851,065	\$ 588,130
Receivables		110,241	72,119
Prepaid expenses		86,777	76,673
		4,048,083	736,922
Exploration and evaluation assets	4	1,147,330	1,147,330
Equipment	5	34,603	20,997
		\$ 5,230,016	\$ 1,905,249
Liabilities and Shareholders' Equity			
Current liabilities:			
Accounts payable and accrued liabilities	6	\$ 376,584	\$ 176,017
Due to related parties	8	115,064	109,656
Flow-through premium liability	7	357,180	-
		848,828	285,673
Shareholders' equity:			
Share capital	9	17,518,277	14,088,555
Subscriptions receivable		(10,000)	-
Share-based payments reserve	9	2,572,500	2,463,260
Deficit		(15,699,589)	(14,932,239)
		4,381,188	1,619,576
		\$ 5,230,016	\$ 1,905,249

Nature of operations and going concern (Note 1)

Commitments (Note 4)

Subsequent events (Note 12)

Approved on behalf of the Board on August 23, 2017:

"Jeff Sundar" Director
Jeff Sundar

"Robert Scott" Director
Robert Scott

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

GENESIS METALS CORP.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss for the Three Months Ended June 30,
(Unaudited – Expressed in Canadian dollars)

	Note	2017	2016
Expenses			
Accounting and audit		\$ 16,650	\$ 9,750
Amortization	5	2,000	-
Consulting		151,338	22,000
Director fees		19,500	21,000
Geological exploration costs	4	306,489	78,760
Insurance		3,581	3,747
Investor relations		104,077	92,337
Professional fees		15,033	8,505
Listing and filing fees		24,484	13,456
Office and sundry		15,004	6,677
Salaries and employee benefits		84,750	55,500
Share-based payments	9(d)	3,890	-
Travel		20,554	8,130
Comprehensive loss for the period		\$ (767,350)	\$ (319,862)
Loss per share – basic and diluted		\$ (0.01)	\$ (0.01)
Weighted average number of common shares outstanding		52,901,378	37,500,221

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

GENESIS METALS CORP.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

(Unaudited – Expressed in Canadian dollars)

	Note	Number of shares	Share capital	Subscriptions receivable	Subscriptions received	Share-based payments reserve	Deficit	Total
Balance at March 31, 2016		35,822,496	\$ 12,342,649	\$ (8,300)	\$ -	\$ 1,650,243	\$ (12,162,058)	\$ 1,822,534
Issued for cash	9(b)	2,675,000	535,000	6,000	-	-	-	541,000
Share issuance costs	9(b)	-	(35,277)	-	-	12,927	-	(22,350)
Warrants exercised	9(b)	-	-	-	5,625	-	-	5,625
Shares for debt	9(b)	1,356,000	169,500	-	-	-	-	169,500
Net loss for the period		-	-	-	-	-	(319,862)	(319,862)
Balance at June 30, 2016		39,853,496	\$ 13,011,872	\$ (2,300)	\$ 5,625	\$ 1,663,170	\$ (12,481,920)	\$ 2,196,447
Balance at March 31, 2017		46,418,490	\$ 14,088,555	\$ -	\$ -	\$ 2,463,260	\$ (14,932,239)	\$ 1,619,576
Issued for cash	9(b)	26,607,714	3,725,080	(10,000)	-	-	-	3,715,080
Share issuance costs	9(b)	-	(295,358)	-	-	105,350	-	(190,008)
Share-based payments	9(b)	-	-	-	-	3,890	-	3,890
Net loss for the period		-	-	-	-	-	(767,350)	(767,350)
Balance at June 30, 2017		73,026,204	\$ 17,518,277	\$ (10,000)	\$ -	\$ 2,572,500	\$ (15,699,589)	\$ 4,381,188

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

GENESIS METALS CORP.

Condensed Interim Consolidated Statements of Cash Flows for the Three Months Ended June 30,
(Unaudited – Expressed in Canadian dollars)

	Note	2017	2016
OPERATING ACTIVITIES			
Loss for the period		\$ (767,350)	\$ (319,862)
Items not involving cash:			
Amortization	5	2,000	-
Share-based payments	9(d)	3,890	-
Change in non-cash working capital items:			
Receivables		(38,122)	(9,779)
Prepaid expenses		(10,104)	(50,673)
Accounts payable and accrued liabilities		200,567	(166,204)
Due to related parties		5,408	35,390
Cash used in operating activities		(603,711)	(511,128)
INVESTING ACTIVITIES			
Exploration and evaluation assets	4	-	(40,185)
Equipment	5	(15,606)	-
Cash provided by (used in) investing activities		(15,606)	(40,185)
FINANCING ACTIVITIES			
Proceeds from issuance of shares, net of share issuance costs	9(b)	3,882,252	518,650
Proceeds from warrant exercises	9(b)	-	5,625
Cash provided by financing activities		3,882,252	524,275
Change in cash		3,262,935	(27,038)
Cash, beginning of the period		588,130	1,122,979
Cash, end of the period		\$ 3,851,065	\$ 1,095,941
Non-cash investing and financing activities:			
Flow-through premium liability	7	\$ 357,180	\$ -
Shares issued for debt	9(b)	\$ -	\$ 169,500
Finder's warrants issued for private placement	9(b)(c)	\$ 105,350	\$ 12,927

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

GENESIS METALS CORP.

Notes to the Condensed Interim Consolidated Financial Statements for the Three Months Ended June 30, 2017
(Unaudited – Expressed in Canadian dollars)

1. Nature of operations and going concern

Genesis Metals Corp. (the “Company” or “Genesis”) was incorporated under the Business Corporations Act of British Columbia on April 26, 2010 and its principal activity is the acquisition and exploration of mineral property interests in Canada. The head office of the Company is located at #1500 - 409 Granville Street, Vancouver, BC.

On March 1, 2016, the Company completed its arrangement agreement (the “Arrangement”) with Tawsho Mining Inc. (“Tawsho”) (Note 3).

These financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and settle its obligations in the normal course of business.

The recoverability of the amounts shown for mineral property interests is ultimately dependent upon the existence of economically recoverable reserves, securing and maintaining title and beneficial interest in the mineral properties, obtaining necessary financing to explore and develop the mineral properties, entering into agreements with others to explore and develop the mineral properties, and upon future profitable production or proceeds from disposition of the mineral properties. The amounts shown as mineral properties represent acquisition costs incurred to date, less amounts recovered from third parties and impairment charges, and do not necessarily represent present or future values.

The Company’s ability to continue operations is uncertain and is dependent upon the ability of the Company to obtain necessary financing to meet the Company’s liabilities and commitments as they become payable, the successful acquisition of an interest in assets or a business, and the ability to generate future profitable production or operations or sufficient proceeds from the disposition thereof. The outcome of these matters cannot be predicted at this time. The condensed interim consolidated financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations. Management estimates the Company has sufficient working capital to meet its liabilities for the next twelve months.

These financial statements do not reflect adjustments, which could be material to the carrying values and classification of assets and liabilities, which may be required should the Company be unable to continue as a going concern.

2. Significant accounting policies

(a) Accounting standards adopted in the current period:

As of April 1, 2017, the Company adopted the new and amended IFRS pronouncements in accordance with transitional provisions outlined in the respective standards. The Company has adopted these new and amended standards without any significant effect on its financial statements.

(b) Accounting standards issued for adoption in future periods:

The following new standards, amendments to standards and interpretations have been issued but are not effective during the three months ended June 30, 2017:

- IFRS 7 Amendment to require additional disclosures on transition from IAS 39 and IFRS 9, effective January 1, 2018.
- IFRS 9 New financial instruments standard that replaces IAS 39 for classification and measurement of financial assets. This standard is effective January 1, 2018.
- IFRS 16 Financial instruments standard that replaces IAS 17 requiring lessee to recognize assets and liabilities for all leases on its balance sheet, effecting January 1, 2019.

The Company anticipates that the application of these standards, amendments and interpretations will not have a material impact on the results and financial position of the Company.

GENESIS METALS CORP.

Notes to the Condensed Interim Consolidated Financial Statements for the Three Months Ended June 30, 2017
(Unaudited – Expressed in Canadian dollars)

3. Acquisition of Tawsho Mining Inc.

Tawsho was a publicly traded corporation, with its shares listed on the TSX Venture Exchange (“TSX Venture”), which was engaged in the acquisition, exploration and development of properties for the mining of precious and base metals in Canada.

Pursuant to the Arrangement, the Company acquired all of the issued and outstanding common shares of Tawsho on March 1, 2016 in consideration for 8,166,664 common shares of the Company for each Tawsho common share issued and outstanding. This transaction was treated as an asset acquisition.

In addition, outstanding options and warrants to purchase Tawsho common shares were converted into options and warrants to purchase Genesis common shares, with appropriate adjustments to reflect the Share Exchange Ratio (0.23 Genesis common shares for each Tawsho common share). The incremental value of the outstanding options and warrants to purchase Tawsho common shares is calculated to be \$Nil.

Purchase Price:		
Fair value of 8,166,664 common shares	\$	816,666
Fair value of 679,166 finders’ common shares		67,916
Transaction costs		144,411
Total Purchase Price	\$	1,028,993
Purchase Price Allocation:		
Cash	\$	10,196
Receivables		3,347
Prepaid expenses		3,200
Equipment		618
Exploration and evaluation assets		1,096,197
Accounts payable and accrued liabilities		(78,291)
Flow-through premium liability		(6,274)
Total Purchase Price Allocated	\$	1,028,993

The fair value of the Company’s shares was calculated based on the value of shares issued with the concurrent non-brokered private placement.

4. Exploration and evaluation assets

Balance consists of:

	Chevrier Gold, Quebec	October Gold, Ontario	Hygrade Property, Quebec	Total
Balance, March 31, 2016	\$ 1,096,197	\$ -	\$ -	\$ 1,096,197
Additions	-	136,533	51,133	187,666
Write-down	-	(136,533)	-	(136,533)
Balance, March 31, 2017	\$ 1,096,197	\$ -	\$ 51,133	\$ 1,147,330
Additions	-	-	-	-
Balance, June 30, 2017	\$ 1,096,197	\$ -	\$ 51,133	\$ 1,147,330

Change in the balance represents additional acquisition costs incurred in the period, including option payments.

GENESIS METALS CORP.

Notes to the Condensed Interim Consolidated Financial Statements for the Three Months Ended June 30, 2017
(Unaudited – Expressed in Canadian dollars)

4. Exploration and evaluation assets (continued)

(a) Chevrier Gold, Quebec

On March 1, 2016, the Company acquired all the issued and outstanding shares in Tawsho (Note 3) which holds 100% interest in the Chevrier Gold Project. In exchange, the Company issued 8,166,664 common shares valued at \$816,666, 679,166 finders' common shares valued at \$67,916, and paid \$144,411 for total consideration of \$1,028,993 to the Tawsho shareholders. The share consideration was allocated to the net assets of the Tawsho, with \$1,096,197 allocated to the Chevrier Gold property.

The Chevrier Gold Property consists of various contiguous mining claims and is located in the Province of Quebec. Some of these claims are subject to royalties ranging from 7.5% - 10% on net profits of production and a 0.5% on the net smelter return royalties ("NSR").

(b) October Gold, Ontario

On September 9, 2011, the Company entered into an option agreement, subsequently amended, to acquire a 100% interest in mineral rights to the October Gold property located within the Abitibi belt in Ontario. In order to earn its interest, the Company is required to make payments and issue common shares as follows:

Date	Cash Payments	Number of Shares
April 12, 2012	\$ 50,000 (paid)	5,556 (issued)
April 12, 2013	25,000 (paid)	25,000 (issued)
May 06, 2015	- -	366,667 (issued)
April 12, 2016	30,000 (paid)	453,331 (issued)
Total	\$ 105,000	850,554

The 453,331 common shares had a value of \$106,533 which was capitalized to exploration and evaluation assets.

The Company is also required to fulfill annual work commitments of \$520,400 by April 12 of each year on the claims to keep the property in good standing.

In the event these work commitments are not fulfilled, the number of claims comprising the October Gold property will be reduced accordingly. The Company has incurred the required exploration expenditures up to April 12, 2013.

The spending requirements thereafter have been and are on special hold status pending the completion of a Memorandum of Understanding with various First Nation parties.

Following the exercise of the option, the Company is required to issue 50,000 additional common shares of the Company upon filing a technical report under National Instrument 43-101 demonstrating mineral resources on the October Gold property and 83,333 additional common shares of the Company upon filing a bankable feasibility study.

Upon exercise of the option, the optionors are entitled to a 3.0% NSR of which 2.0% can be repurchased by the Company on payment of \$500,000 for each 1% NSR.

During the year ended March 31, 2017, the Company impaired its October Gold property by \$136,533 (2016 - \$202,125) to \$nil as no exploration expenditures were incurred on the property and no expenditures were budgeted for the upcoming fiscal year.

GENESIS METALS CORP.

Notes to the Condensed Interim Consolidated Financial Statements for the Three Months Ended June 30, 2017
(Unaudited – Expressed in Canadian dollars)

4. Exploration and evaluation assets (continued)

(c) Hygrade Property, Quebec

The Hygrade Property, located near Chibougamau, Quebec, is comprised of certain contiguous claims. On February 1, 2017, the Company entered into a property purchase and sale agreement to acquire a 100% interest in the Hygrade Property from Les Ressources Tectonic Inc. (“Tectonic”) by making a cash payment to Tectonic of \$25,000 (paid), issuing 166,666 common shares to Tectonic valued at \$25,833 (issued), and granting a 2% NSR to Tectonic, which may be decreased to 1% at any time by paying Tectonic the sum of \$1,500,000.

Exploration and evaluation expenditures are as follows:

Three months ended June 30, 2017	Quebec, Chevrier	Ontario, October Gold	Ontario, Other*	Total
Analysis	\$ 3,453	\$ -	\$ -	\$ 3,453
General field and camp costs	47,220	-	-	47,220
Claim maintenance	300	-	-	300
Geological consulting	242,060	10,800	-	252,860
Travel	2,656	-	-	2,656
Total	\$ 295,689	\$ 10,800	\$ -	\$ 306,489

Three months ended June 30, 2016	Quebec, Chevrier	Ontario, October Gold	Ontario, Other*	Total
Analysis	\$ 1,801	\$ -	\$ -	\$ 1,081
General field and camp costs	1,727	-	528	2,255
Geological consulting	50,975	-	10,000	60,975
Travel	13,729	-	-	13,729
Total	\$ 68,232	\$ -	\$ 10,528	\$ 78,760

*Other costs are for general exploration.

5. Equipment

	Furniture & Fixtures	Vehicles	Field Equipment	Total
Cost				
At March 31, 2016	\$ -	\$ -	\$ -	\$ -
Assets acquired from the Arrangement	6,798	14,736	3,600	25,134
At March 31, 2017	6,798	14,736	3,600	25,134
Additions	-	11,806	3,800	15,606
At June 30, 2017	\$ 6,798	\$ 26,542	\$ 7,400	\$ 40,740
Accumulated Amortization				
At March 31, 2016	\$ -	\$ -	\$ -	\$ -
Amortization	767	2,890	480	4,137
At March 31, 2017	767	2,890	480	4,137
Amortization	302	1,479	219	2,000
At June 30, 2017	\$ 1,069	\$ 4,369	\$ 699	\$ 6,137
Carrying Value				
At March 31, 2017	\$ 6,031	\$ 11,846	\$ 3,120	\$ 20,997
At June 30, 2017	\$ 5,729	\$ 22,173	\$ 6,701	\$ 34,603

GENESIS METALS CORP.

Notes to the Condensed Interim Consolidated Financial Statements for the Three Months Ended June 30, 2017
(Unaudited – Expressed in Canadian dollars)

6. Accounts payable

	June 30, 2017	March 31, 2017
Accounts payable	\$ 344,084	\$ 146,517
Accrued liabilities	32,500	29,500
	<u>\$ 376,584</u>	<u>\$ 176,017</u>

7. Flow Through Share Premium Liability

Flow through share premium liabilities include the liability portion of the flow through shares issued. The following is a continuity schedule of the liability portion of the flow through shares issuances.

	Issued in June 2017
Balance at March 31, 2017	\$ -
Liability incurred on flow through shares issued	357,180
Settlement of flow through share liability on incurring expenditures	-
Balance at June 30, 2017	<u>\$ 357,180</u>

In June 2017, the Company completed a non-brokered private placement of 17,859,000 flow-through units at a price of \$0.16 per flow-through unit for gross proceeds of \$2,857,440. A premium of \$0.02 per unit was received for the flow through units. As part of the flow-through financing, 905,940 finders' warrants valued at \$85,489 were issued.

As at June 30, 2017, the Company has an obligation to spend \$15,775 and \$2,857,440 in flow-through proceeds by June 30, 2018 and June 30, 2019 respectively.

8. Related party transactions

(a) Transactions:

Key management personnel consist of directors and senior management including the President, Executive Vice President, Chief Executive Officer, Chief Financial Officer, Vice President of Exploration, and Executive Director.

The Company paid or accrued the following amounts to key management personnel or companies controlled by them:

	Three months June 30, 2017	Three months June 30, 2016
Consulting fees and salaries to key management personnel or companies controlled by key management personnel	\$ 90,000	\$ 62,500
Rent	6,299	-
Director fees	19,500	21,000
	<u>\$ 115,799</u>	<u>\$ 83,500</u>

During the three months ended June 30, 2017, payments to companies with common directors and officers for office and administration costs totalled \$103 (2016 - \$628).

GENESIS METALS CORP.

Notes to the Condensed Interim Consolidated Financial Statements for the Three Months Ended June 30, 2017
(Unaudited – Expressed in Canadian dollars)

8. Related party transactions (continued)

(b) Due to related parties:

	June 30, 2017	June 30, 2016
Consulting fees and salaries to key management personnel or companies controlled by key management personnel	\$ 43,489	\$ 38,546
Director fees	71,500	28,000
Expense reimbursements to related parties	75	3,627
	<u>\$ 115,064</u>	<u>\$ 70,173</u>

Amounts due to related parties are unsecured, have no fixed repayments and are non-interest bearing.

9. Share capital

(a) Authorized:

Unlimited common shares without par value.

In March 2016, pursuant to the Arrangement, the Company completed a consolidation of its common shares on the basis of 1.5 pre-consolidation shares for one new post-consolidation share. All share and per share amounts have been restated to reflect the share consolidation.

(b) Share issuances:

On April 8, 2016, the Company issued 1,356,000 common shares valued at \$230,520 to settle \$169,841 in debt of which \$55,000 was due to related parties. The Company recorded a loss on debt settlement in the amount of \$60,679.

On June 15, 2016, the Company completed a non-brokered private placement of 1,425,000 units at \$0.20 per unit for gross proceeds of \$285,000. Each unit comprises one common share and one-half of one share purchase warrant, with each whole warrant exercisable into one additional common share at a price of \$0.30 for a period of two years. The Company also issued 1,250,000 flow-through shares at \$0.20 per share for gross proceeds of \$250,000. Share issuance costs of \$750, and finder's fees of \$21,600 were paid in cash and 108,000 finder's warrants were issued valued at \$12,927. Each finder's warrant entitles the holder to purchase one common share at \$0.30 per share for a period of two years.

On August 2, 2016, the Company issued 453,331 common shares valued at \$106,533 for the October Gold property.

On February 14, 2017, the Company completed a non-brokered private placement of 4,400,000 units at \$0.15 per unit for gross proceeds of \$660,000. Each unit in the private placement comprises one common share and one-half of one share purchase warrant, with each whole warrant exercisable into one additional common share at \$0.25 for a period of two years. Share issuance costs of \$3,761, and finder's fees of \$19,604 were paid in cash and 130,695 finder's warrants were issued valued at \$10,046. Each finder's warrant entitles the holder to purchase one common share at \$0.25 per share for a period of two years.

On February 17, 2017, the Company issued 166,666 common shares valued at \$25,833 for the Hygrade Property.

During the twelve months ended March 31, 2017, the Company issued a total of 1,544,997 common shares from the exercise of warrants for gross proceeds of \$242,750. The warrants had a fair value of \$13,958 which was reclassified from reserves to share capital upon issuance.

GENESIS METALS CORP.

Notes to the Condensed Interim Consolidated Financial Statements for the Three Months Ended June 30, 2017
(Unaudited – Expressed in Canadian dollars)

9. Share capital (continued)

(b) Share issuances (continued):

In June 2017, the Company completed a non-brokered private placement of 8,748,714 units (“Units”) at \$0.14 per Unit for gross proceeds of \$1,224,820 and 17,859,000 flow-through units (“FT Units”) at \$0.16 per FT Unit for gross proceeds of \$2,857,440. \$10,000 of proceeds from these issuances was received subsequent to the period ended June 30, 2017. Each Unit consists of one common share and one-half of one share purchase warrant, with each whole warrant exercisable into one additional common share at a price of \$0.20 for a period of two years. Each FT Unit consists of one FT common share and one-half of one share purchase warrant, with each whole warrant exercisable into one non-flow-through common share at \$0.23 for a period of two years. In connection with the financing, finders’ fees of \$173,008 were paid in cash. The Company also issued 200,410 finders warrants exercisable at \$0.14 per share for a period of two years, and an additional 905,940 finders warrants exercisable at \$0.16 per share for a period of two years.

(c) Warrants:

	Number of warrants	Weighted average exercise price
Balance, March 31, 2016	9,093,824	\$ 0.21
Granted during the year	3,151,198	0.26
Exercised during the year	(1,544,997)	(0.16)
Expired during the year	(1,034,312)	(0.35)
Balance, March 31, 2017	9,665,713	\$ 0.22
Granted during the period	14,410,207	0.22
Expired during the period	(990,838)	(0.22)
Balance, June 30, 2017	23,085,082	\$ 0.22

Summary details of warrants outstanding are as follows:

March 31, 2017	Granted	Exercised	Expired	June 30, 2017	Exercise Price	Expiry Date
12,223	-	-	(12,223)	-	\$ 0.20	April 25, 2017
59,555	-	-	(59,555)	-	\$ 0.20	June 6, 2017
94,777	-	-	-	94,777	\$ 0.20	September 24, 2017
205,167	-	-	-	205,167	\$ 0.20	September 27, 2017
18,333	-	-	-	18,333	\$ 0.20	October 30, 2017
4,555,000	-	-	-	4,555,000	\$ 0.20	March 21, 2018
650,400	-	-	-	650,400	\$ 0.20	March 21, 2018
735,248	-	-	(735,248)	-	\$ 0.22	May 11, 2017
183,812	-	-	(183,812)	-	\$ 0.22	June 11, 2017
820,500	-	-	-	820,500	\$ 0.30	June 15, 2018
2,330,698	-	-	-	2,330,698	\$ 0.25	February 14, 2019
-	146,160	-	-	146,160	\$ 0.14	June 5, 2019
-	632,940	-	-	632,940	\$ 0.16	June 5, 2019
-	3,636,857	-	-	3,636,857	\$ 0.20	June 5, 2019
-	6,979,500	-	-	6,979,500	\$ 0.23	June 5, 2019
-	54,250	-	-	54,250	\$ 0.14	June 19, 2019
-	273,000	-	-	273,000	\$ 0.16	June 19, 2019
-	737,500	-	-	737,500	\$ 0.20	June 19, 2019
-	1,950,000	-	-	1,950,000	\$ 0.23	June 19, 2019
9,665,713	14,410,207	-	(990,838)	23,085,082	\$ 0.22	

GENESIS METALS CORP.

Notes to the Condensed Interim Consolidated Financial Statements for the Three Months Ended June 30, 2017
(Unaudited – Expressed in Canadian dollars)

9. Share capital (continued)

(c) Warrants (continued):

During the year ended March 31, 2017, 1,034,312 warrants expired unexercised and 1,544,997 warrants were exercised for gross proceeds of \$242,750.

During the period ended June 30, 2017, 13,303,857 warrants were granted in connection with share issuances outlined in Note 9(b). The Company also issued 200,410 finders warrants exercisable at \$0.14 per share for a period of two years, and an additional 905,940 finders warrants exercisable at \$0.16 per share for a period of two years.

The fair value of finders' warrants was estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

	Period ended June 30, 2017	Period ended June 30, 2016
Average risk-free interest rate	0.78%	0.48%
Expected dividend yield	0%	0%
Expected stock price volatility	107.88%	128.17%
Average expected option life in years	2.0	2.0

(d) Share-based payments:

The Company has a share purchase option plan whereby the Board of Directors may, from time to time, grant options to directors, officers, employees or consultants. Options granted have a maximum exercise timeline of ten years from date of grant or such lesser period as determined by the board of directors. The exercise price of an option is not less than the closing price on the TSX Venture on the last trading day preceding the grant date. Under the plan the Company is authorized to grant stock options of up to ten percent (10%) of the number of common shares issued and outstanding. Options granted to directors, officers and consultants vest at the discretion of the board. Options granted to investor relations vest in the amount of 25% every three months from the date of grant over a period of twelve months.

The changes in stock options issued are as follows:

	Number of options	Weighted average exercise price
Balance, March 31, 2016	583,707	\$ 0.48
Forfeited	(383,707)	(0.62)
Granted	4,375,000	0.22
Balance, March 31, 2017 and June 30, 2017	4,575,000	\$ 0.22

Summary of details of options outstanding are as follows:

Expiry date	Number of options outstanding	Weighted average remaining life in years	Exercise price	Number of options exercisable
August 5, 2024	200,000	7.10	\$ 0.225	200,000
July 27, 2021	3,700,000	4.08	\$ 0.220	3,700,000
January 19, 2022	300,000	4.56	\$ 0.220	300,000
February 27, 2022	375,000	4.67	\$ 0.200	300,000
	4,575,000	4.29	\$ 0.219	4,500,000

GENESIS METALS CORP.

Notes to the Condensed Interim Consolidated Financial Statements for the Three Months Ended June 30, 2017
(Unaudited – Expressed in Canadian dollars)

10. Financial instruments

The three levels of the fair value hierarchy are described below:

- Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
- Level 2: Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.
- Level 3: Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

The carrying values of cash, accounts payable and accrued liabilities and due to related parties approximate their fair values due to their short terms to maturity.

Financial instrument risk exposure and risk management:

(i) Credit risk:

Credit risk arises from the possibility that counterparties may be unable to fulfill their commitments to the Company. The Company's credit risk is primarily attributable to cash and receivables. The carrying value of these instruments represents the Company's maximum exposure to credit risk. The Company manages and limits exposure to credit risk by maintaining its cash with high-credit quality financial institutions. The Company's cash is held through large Canadian financial institutions and receivables consist of sales tax receivable from the Government of Canada. Management believes that the credit risk related to its cash and receivables is negligible.

(ii) Liquidity risk:

Liquidity risk is the risk that the Company cannot meet its financial obligations associated with financial liabilities in full. The Company manages liquidity risk through the management of its capital structure, as outlined in Note 11 of these financial statements. As at June 30, 2017, the Company had cash of \$3,851,065 to settle current liabilities of \$848,828. The Company's expenditure commitments, pursuant to option agreements related to mineral properties, are disclosed in Note 4. Management believes that the Company is not significantly exposed to liquidity risk as at June 30, 2017.

(iii) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's interest bearing financial assets are comprised of cash which bears interest at fixed or variable rates. The Company is not exposed to material interest rate risk.

GENESIS METALS CORP.

Notes to the Condensed Interim Consolidated Financial Statements for the Three Months Ended June 30, 2017
(Unaudited – Expressed in Canadian dollars)

11. Capital management

The Company's objectives when managing capital are:

- To maintain and safeguard its accumulated capital in order to provide an adequate return to shareholders by maintaining a sufficient level of funds to support continued evaluation and maintenance at the Company's existing properties, and to acquire, explore, and develop other mineral properties.
- To invest cash in demand deposits with high credit quality issuers, thereby minimizing the risk and loss of principal.
- To obtain the necessary financing to complete exploration, if and when it is required.

In the management of capital, the Company includes shareholders' equity in the definition of capital. The Company is not exposed to externally imposed capital requirements. The Company manages the capital structure and makes adjustments to it, based on the level of funds required to manage its operations in light of changes in economic conditions and the risk characteristics of its underlying assets. In order to maximize ongoing operations, the Company does not pay dividends. Notwithstanding the risks described in Note 1 of the financial statements, the Company expects to continue to raise funds, from time to time, to continue meeting its capital management objectives.

12. Subsequent events

Subsequent to the period ended June 30, 2017:

- (a) 125,000 warrants were exercised for gross proceeds of \$25,000.
- (b) 150,000 bonus shares valued at \$23,250 were issued to the Executive Vice President of the Company.
- (c) 75,000 options expiring July 27, 2021 were forfeited.
- (d) 2,525,000 options were granted to consultants, directors, and officers of the Company. The options are exercisable at \$0.22, vest immediately upon grant, and have a term of five years, expiring on July 11, 2022.